

NEW TECHNOLOGY

[CT, FP –NR&D, FP – R&D, LH/T&M, T&MC, FPC, A – E – 09/04] [NFS 1852.227-70 – 05/02]

(a) Definitions.

- (1) "Administrator," as used in this Article, means the Administrator of NASA or duly authorized representative.
- (2) "Subcontract," as used in this Article, means any actual or proposed Subcontract, agreement, understanding, or other arrangement, and includes any assignment, substitution of parties, or Lower-tier Subcontract executed or entered into thereunder.
- (3) "Made," as used in this Article, means conception or first actual reduction to practice; provided, that in the case of a variety of plant, the date of determination (as defined in Section 41(d) of the Plant Variety Protection Act, 7 U.S.C. 2401(d) must also occur during the period of Subcontract performance.
- (4) "Nonprofit organization," as used in this Article, means a domestic university or other institution of higher education or an organization of the type described in section 501(c)(3) of the Internal Revenue Code of 1954 (26 U.S.C. 501(c)) and exempt from taxation under section 501(a) of the Internal Revenue Code (26 U.S.C. 501(a)), or any domestic nonprofit scientific or educational organization qualified under a State nonprofit organization statute.
- (5) "Practical application," as used in this Article, means to manufacture, in the case of a composition or product; to practice, in the case of a process or method; or to operate, in case of a machine or system; and, in each case, under such conditions as to establish that the invention is being utilized and that its benefits are, to the extent permitted by law or Government regulations, available to the public on reasonable terms.
- (6) "Reportable item," as used in this Article, means any invention, discovery, improvement, or innovation of the Subcontractor, whether or not patentable or otherwise protectible under Title 35 of the United States Code, made in the performance of any work under this or any NASA Subcontract or in the performance of any work that is reimbursable under any Article in this or any Subcontract providing for reimbursement of costs incurred before the effective date of this Subcontract. Reportable items include, but are not limited to, new processes, machines, manufactures, and compositions of matter, and improvements to, or new applications of, existing processes, machines, manufactures, and compositions of matter. Reportable items also include new computer programs, and improvements to, or new applications of, existing computer programs, whether or not copyrightable or otherwise protectible under Title 17 of the United States Code.
- (7) "Small business firm," as used in this Article, means a domestic small business concern as defined at 15 U.S.C. 632 and implementing regulations of the Administrator of the Small Business Administration. (For the purpose of this definition, the size standard contained in 13 CFR 121.3-8 for small business Subcontractors and in 13 CFR 121.3-12 for small business Lower-tier Subcontractors will be used.)
- (8) "Subject invention," as used in this Article, means any reportable item that is or may be patentable or otherwise protectible under Title 35 of the United States Code, or any novel variety of plant that is or may be protectible under the Plant Variety Protection Act (7 U.S.C. 2321, et seq.).
- (9) "Contracting Officer" has the meaning set forth under (c) of Article GP-1, "Definitions." The Contracting Officer has designated the Patent Counsel and the Technology Utilization Officer, NASA Resident Office, 4800 Oak Grove Drive, Pasadena, California 91109, as the representatives for the administration of the "New Technology" Article of this Subcontract. All correspondence pertaining thereto shall be addressed to the Technology Utilization Officer unless transmitted in response to correspondence from the Patent Counsel. See (e) (3) below regarding the requirement to send copies of transmittal letters to JPL Office of Patents and New Technology and to the cognizant JPL Subcontract Manager.

(b) Allocation of Principal Rights.

(1) Presumption of title.

- (A) Any reportable item that the Administrator considers to be a subject invention shall be presumed to have been made in the manner specified in paragraph (1) or (2) of Section 305(a) of the National Aeronautics and Space Act of 1958 (42 U.S.C. 2457(a)) (hereinafter called "the Act"), and the above presumption shall be conclusive unless at the time of reporting the reportable item the Subcontractor submits to the Contracting Officer a written statement, containing supporting details, demonstrating that

the reportable item was not made in the manner specified in paragraph (1) or (2) of Section 305(a) of the Act.

- (B) Regardless of whether title to a given subject invention would otherwise be subject to an advance waiver or is the subject of a petition for waiver, the Subcontractor may nevertheless file the statement described in subdivision (A) above. The Administrator will review the information furnished by the Subcontractor in any such statement and any other available information relating to the circumstances surrounding the making of the subject invention and will notify the Subcontractor whether the Administrator has determined that the subject invention was made in the manner specified in paragraph (1) or (2) of Section 305(a) of the Act.
- (2) Property rights in subject inventions. Each subject invention for which the presumption of subdivision (1)(A) above is conclusive or for which there has been a determination that it was made in the manner specified in paragraph (1) or (2) of Section 305(a) of the Act shall be the exclusive property of the United States as represented by NASA unless the Administrator waives all or any part of the rights of the United States, as provided in subparagraph (3) below.
- (3) Waiver of rights.
 - (A) Section 305(f) of the Act provides for the promulgation of regulations by which the Administrator may waive the rights of the United States with respect to any invention or class of inventions made or that may be made under conditions specified in paragraph (1) or (2) of Section 305(a) of the Act. The promulgated NASA Patent Waiver Regulations, 14 CFR Section 1245, Subpart 1, have adopted the Presidential Memorandum on Government Patent Policy of February 18, 1983, as a guide in acting on petitions (requests) for such waiver of rights.
 - (B) As provided in 14 CFR 1245, Subpart 1, Subcontractors may petition, either prior to execution of the Subcontract or within 30 days after execution of the Subcontract, for advance waiver of rights to any or all of the inventions that may be made under a Subcontract. If such a petition is not submitted, or if after submission it is denied, the Subcontractor (or an employee inventor of the Subcontractor) may petition for waiver of rights to an identified subject invention within eight months of first disclosure of the invention pursuant to subparagraph (e)(2) below, or within such longer period as may be authorized in accordance with 14 CFR 1245.105.
- (c) Minimum Rights Reserved by the Government.
 - (1) With respect to each subject invention for which a waiver of rights is applicable pursuant to 14 CFR Section 1245, Subpart 1, the Government reserves:
 - (A) An irrevocable, nonexclusive, nontransferable, royalty-free license for the practice of such invention throughout the world by or on behalf of the United States or any foreign government pursuant to any treaty or agreement with the United States; and
 - (B) Such other rights as set forth in 14 CFR 1245.107.
 - (2) Nothing contained in this paragraph (c) shall be deemed to grant to the Government any rights with respect to any invention other than a subject invention.
- (d) Minimum Rights to the Subcontractor.
 - (1) The Subcontractor is hereby granted a revocable, nonexclusive, royalty-free license in each patent application filed in any country on a subject invention and any resulting patent in which the Government acquires title, unless the Subcontractor fails to disclose the subject invention within the times specified in subparagraph (e)(2) below. The Subcontractor's license extends to its domestic subsidiaries and affiliates, if any, within the corporate structure of which the Subcontractor is a party and includes the right to grant sublicenses of the same scope to the extent the Subcontractor was legally obligated to do so at the time the Subcontract was awarded. The license is transferable only with the approval of the Administrator except when transferred to the successor of that part of the Subcontractor's business to which the invention pertains.
 - (2) The Subcontractor's domestic license may be revoked or modified by the Administrator to the extent necessary to achieve expeditious practical application of the subject invention pursuant to an application for an exclusive license submitted in accordance with 37 CFR Part 404, Licensing of Government-owned Inventions. This license will not be revoked in that field of use or the geographical areas in which the Subcontractor has achieved practical application and continues to make the benefits of the invention

reasonably accessible to the public. The license in any foreign country may be revoked or modified at the discretion of the Administrator to the extent the Subcontractor, its licensees, or its domestic subsidiaries or affiliates have failed to achieve practical application in that foreign country.

- (3) Before revocation or modification of the license, the Subcontractor will be provided a written notice of the Administrator's intention to revoke or modify the license, and the Subcontractor will be allowed 30 days (or such other time as may be authorized by the Administrator for good cause shown by the Subcontractor) after the notice to show cause why the license should not be revoked or modified. The Subcontractor has the right to appeal to the Administrator any decision concerning the revocation or modification of its license.

(e) Invention Identification, Disclosures, and Reports.

- (1) The Subcontractor shall establish and maintain active and effective procedures to assure that reportable items are promptly identified and disclosed to Subcontractor personnel responsible for the administration of this "New Technology" Article within six months of conception and/or first actual reduction to practice, whichever occurs first in the performance of work under this Subcontract. These procedures shall include the maintenance of laboratory notebooks or equivalent records and other records as are reasonably necessary to document the conception and/or the first actual reduction to practice of the reportable items, and records that show that the procedures for identifying and disclosing reportable items are followed. Upon request, the Subcontractor shall furnish the Contracting Officer a description of such procedures for evaluation and for determination as to their effectiveness.
- (2) The Subcontractor will disclose each reportable item to the Contracting Officer within two months after the inventor discloses it in writing to Subcontractor personnel responsible for the administration of this New Technology Article or, if earlier, within six months after the Subcontractor becomes aware that a reportable item has been made, but in any event for subject inventions before any on sale, public use, or publication of such invention known to the Subcontractor. The disclosure to the agency shall be in the form of a written report and shall identify the Subcontract under which the reportable item was made and the inventor(s) or innovator(s). It shall be sufficiently complete in technical detail to convey a clear understanding, to the extent known at the time of the disclosure, of the nature, purpose, operation, and physical, chemical, biological, or electrical characteristics of the reportable item. The disclosure shall also identify any publication, on sale, or public use of any subject invention and whether a manuscript describing such invention has been submitted for publication and, if so, whether it has been accepted for publication at the time of disclosure. In addition, after disclosure to the agency, the Subcontractor will promptly notify the agency of the acceptance of any manuscript describing a subject invention for publication or of any on sale or public use planned by the Subcontractor for such invention.
- (3) The Subcontractor may use whatever format is convenient to disclose reportable items required in subparagraph (e)(2). NASA prefers that the Subcontractor use either the electronic or paper version of NASA Form 1679, Disclosure of Invention and New Technology (Including Software) to disclose reportable items. Both the electronic and paper versions of NASA Form 1679 may be accessed at the electronic New Technology Reporting Web site <http://invention.nasa.gov>.
- (4) The Subcontractor shall furnish the Contracting Officer the following:
 - (A) Interim reports every 12 months (or such longer period as may be specified by the Contracting Officer) from the date of the Subcontract, listing reportable items during that period, and certifying that all reportable items have been disclosed (or that there are no such inventions) and that the procedures required by paragraph (e)(1) of this clause have been followed.
 - (B) A final report, within 3 months after completion of the subcontracted work, listing all reportable items or certifying that there were no such reportable items, and listing all Lower-tier Subcontracts at any tier containing a patent rights clause or certifying that there were no such Lower-tier Subcontracts.
- (5) The Subcontractor agrees, upon written request of the Contracting Officer, to furnish additional technical and other information available to the Subcontractor as is necessary for the preparation of a patent application on a subject invention and for the prosecution of the patent application, and to execute all papers necessary to file patent applications on subject inventions and to establish the Government's rights in the subject inventions.
- (6) The Subcontractor agrees, subject to paragraph 27.302(i), of the Federal Acquisition Regulation (FAR), that the Government may duplicate and disclose subject invention disclosures and all other reports and papers furnished or required to be furnished pursuant to this clause.

(f) Examination of Records Relating to Inventions.

- (1) The Contracting Officer or any authorized representative shall, until three years after final payment under this Subcontract, have the right to examine any books (including laboratory notebooks), records, and documents of the Subcontractor relating to the conception or first actual reduction to practice of inventions in the same field of technology as the work under this Subcontract to determine whether:
 - (A) Any such inventions are subject inventions;
 - (B) The Subcontractor has established and maintained the procedures required by subparagraph (e)(1) of this Article; and
 - (C) The Subcontractor and its inventors have complied with the procedures.
- (2) If the Contracting Officer learns of an unreported Subcontractor invention that the Contracting Officer believes may be a subject invention, the Subcontractor may be required to disclose the invention to the agency for a determination of ownership rights.
- (3) Any examination of records under this paragraph will be subject to appropriate conditions to protect the confidentiality of the information involved.

(g) Withholding of Payment.

(This paragraph does not apply to Lower-tier Subcontracts).

- (1) Any time before final payment under this Subcontract, JPL may, if the Contracting Officer deems such action warranted, in the Government's interest, withhold payment until a reserve not exceeding \$50,000 or 5% of the amount of this Subcontract, whichever is less, shall have been set aside if, in the Contracting Officer's opinion, the Subcontractor fails to:
 - (A) Establish, maintain, and follow effective procedures for identifying and disclosing reportable items pursuant to subparagraph (e)(1) above;
 - (B) Disclose any reportable items pursuant to subparagraph (e)(2) above;
 - (C) Deliver acceptable interim reports pursuant to subdivision (e)(4)(A) above; or
 - (D) Provide the information regarding Lower-tier Subcontracts pursuant to subparagraph (h)(4) below.
- (2) Such reserve or balance shall be withheld until the Contracting Officer has determined that the Subcontractor has rectified whatever deficiencies exist and has delivered all reports, disclosures, and other information required by this Article.
- (3) Final payment under this Subcontract shall not be made before the Subcontractor delivers to the Contracting Officer all disclosures of reportable items required by subparagraph (e)(2) above, and an acceptable final report pursuant to subparagraph (e)(4)(B) above.
- (4) JPL may, if the Contracting Officer deems such action warranted, decrease or increase the sums withheld up to the maximum authorized above. No amount shall be withheld under this paragraph while the amount specified by this paragraph is being withheld under other provisions of the Subcontract. The withholding of any amount or the subsequent payment thereof shall not be construed as a waiver of any Government rights.

(h) Lower-tier Subcontracts.

- (1) Unless otherwise authorized or directed by JPL, the Subcontractor shall:
 - (A) Include this Article (suitably modified to identify the parties) in any Lower-tier Subcontract hereunder (regardless of tier) with other than a small business firm or nonprofit organization for the performance of experimental, developmental, or research work; and
 - (B) Include the clause at FAR 52.227-11, and any corresponding implementing or supplementing provisions in the NFS, (suitably modified to identify the parties) in any Lower-tier Subcontract hereunder (regardless of tier) with a small business firm or nonprofit organization for the performance of experimental, developmental, or research work.
- (2) In the event of a refusal by a prospective Lower-tier subcontractor to accept such a clause the Subcontractor:

- (A) Shall promptly submit a written notice to JPL and the Contracting Officer setting forth the Lower-tier Subcontractor's reasons for such refusal and other pertinent information that may expedite disposition of the matter; and
 - (B) Shall not proceed with such Lower-tier Subcontract without the written authorization of JPL.
- (3) In the case of Lower-tier Subcontracts at any tier, the agency, Lower-tier Subcontractor, and Subcontractor agree that the mutual obligations of the parties created by this Article constitute a Subcontract between the Lower-tier Subcontractor and NASA with respect to those matters covered by this Article.
 - (4) The Subcontractor shall promptly notify JPL and the Contracting Officer in writing upon the award of any subcontract at any tier containing a Patent Rights article by identifying the Lower-tier Subcontractor, the applicable patent rights article, the work to be performed under the Lower-tier Subcontract, and the dates of award and estimated completion. Upon request of JPL or the Contracting Officer, the Subcontractor shall furnish a copy of such Lower-tier Subcontract, and, no more frequently than annually, a listing of the Lower-tier Subcontracts that have been awarded.
 - (5) The Lower-tier Subcontractor will retain all rights provided for the Subcontractor in the Article of subparagraphs (1)(A) or (1)(B) above, whichever is included in the Lower-tier Subcontract, and the Subcontractor will not, as part of the consideration for awarding the Lower-tier Subcontract, obtain rights in the Lower-tier Subcontractor's subject inventions.
- (i) Preference for United States Industry. Unless provided otherwise, no Subcontractor that receives title to any subject invention and no assignee of any such Subcontractor shall grant to any person the exclusive right to use or sell any subject invention in the United States unless such person agrees that any products embodying the subject invention will be manufactured substantially in the United States. However, in individual cases, the requirement may be waived by the Administrator upon a showing by the Subcontractor or assignee that reasonable but unsuccessful efforts have been made to grant licenses on similar terms to potential licensees that would be likely to manufacture substantially in the United States or that under the circumstances domestic manufacture is not commercially feasible.